

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 02728 162058 Z

55

ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 AGR-20 RSR-01 /167 W
----- 082348

R 161840 Z MAY 73

FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 5229
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS UNN
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION GENEVA
USMISSION OECD PARIS UNN

LIMITED OFFICIAL USE EC BRUSSELS 2728

PASS TREASURY, FRB AND CEA

E. O. 11652: NA

TAGS: EFIN, EEC

SUBJ: CURRENT MONETARY SITUATION

1. EC COMMISSION OFFICIALS ARE REACTING VERY
CAUTIOUSLY TO THE CURRENT TENSION IN INTERNATIONAL
MONEY MARKETS AND SEEM TO BE FOLLOWING THE LINE
THAT THE LESS SAID AT THIS TIME THE BETTER. OUR
SOURCES TELL US THAT THE MATTER WAS NOT
DISCUSSED AT THE EC COUNCIL MEETING ON MAY 14-15.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 02728 162058 Z

2. EC OFFICIALS NOTE THAT SO FAR THE EC SNAKE HAS REMAINED INTACT WHILE FLOATING UPWARDS AGAINST THE DOLLAR -- THE UPWARD PRESSURE SO FAR HAVING BEEN TRANSMITTED MORE OR LESS EQUALLY TO ALL CURRENCIES PARTICIPATING IN THE JOINT FLOAT. ON THE OTHER HAND, THESE OFFICIALS RECOGNIZE THAT IF THE TENSION CONTINUES, SOME EC CURRENCIES ARE LIKELY TO BE AFFECTED DIFFERENTIALLY, THUS CREATING TENSION WITHIN THE SNAKE. THIS TENDENCY WOULD INEVITABLY BE ACCENTUATED BY THE STRONG ANTI- INFLATION MEASURES IN WEST GERMANY RECENTLY ANNOUNCED BY THE FRG, ASSUMING OTHER COUNTRIES PARTICIPATING IN THE JOINT FLOAT DO NOT ADOPT SIMILAR MEASURES. THE RECENT POSITION OF THE D- MARK AT THE BOTTOM OF THE EC BAND PROVIDES SOME MARGIN FOR THE DM TO RISE WITHIN THE BAND.

3. OUR CONTACTS BELIEVE THAT, WHATEVER HAPPENS, THE COMMUNITY WILL ACT IN CONCERT AND THAT IF ONE EC CURRENCY CAME UNDER UNDUE PRESSURE WITHIN THE SNAKE AND IF THE NECESSARY CREDITS AND SUPPORT WERE NOT FORTHCOMING, A PARITY ADJUSTMENT UNDER COMMUNITY PROCEDURES WOULD INTERVENE BEFORE THE CURRENCY IN QUESTION CEASED TO PARTICIPATE IN THE JOINT FLOAT.
GREENWALD

LIMITED OFFICIAL USE
NMAFVVZCZ

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts:
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAY 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973ECBRU02728
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730544/aaaajele.tel
Line Count: 89
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 25 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25-Oct-2001 by shawdg>; APPROVED <01-Nov-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 980212
Subject: CURRENT MONETARY SITUATION
TAGS: EFIN, BE, EEC
To: EUR
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005